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# **USSR Report**

**CONSUMER GOODS AND DOMESTIC TRADE**

**No. 7**

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PRESIDIUM OF USSR SUPREME SOVIET PROMULGATES DECREE NO 193

Moscow VEDOMOSTI VERKHOVNOGO SOVETA SSSR in Russian No 11,  
12 Mar 80 pp 178-179

[Decree of the Presidium of the USSR Supreme Soviet pertaining to the Increased Production of Goods from Local Resources in Azerbaijan SSR and Estonian SSR]

[Text] Having heard and discussed reports from the Azerbaijan SSR Council of Ministers, the Estonian SSR Council of Ministers, the Consumer Goods and Trade Commissions of the Council of the Union, of the Council of Nationalities, and of the People's Control Committee, the Presidium of the Supreme Soviet of the USSR notes that republic and local soviets and economic organs of the Azerbaijan SSR and the Estonian SSR, implementing decisions of the 25th CPSU Congress and Plenums of the Central Committee of the Party, are carrying out work to increase the production of consumer goods, extend their variety and improve quality. During the fourth year of the 10th Five-Year Plan new enterprises have been put into operation, the production of many kinds of products has been set up, and on the whole, the goals of the five-year plan with regard to the output of consumer goods are being fulfilled.

At the same time, demands of the republics' population for a number of popular goods are still not being fully satisfied. Certain enterprises are not fulfilling established plans for production and delivery of goods, and sometimes the output of goods needed by the population is reduced or even discontinued without the consent of trading organizations.

Soviets of people's deputies, ministries of local industry and other republic organs are not exerting sufficient initiative in finding and involving local mineral and vegetable raw materials, and industrial by-products in production. Proper co-ordination of the activity of ministries, departments, and similarly, of enterprises and organizations of various author-

ity for increasing the output of goods made from local resources has not been set up. Trading organizations are not utilizing all of the possibilities for influencing industry in developing the production of popular consumer goods.

In the Azerbaijan SSR, ministries and departments are devoting insufficient attention to the creation, at enterprises, of specialized shops and sections for the production of goods from local resources and by-products. Kolkhozes and sovkhozes, consumer cooperative enterprises, foremen of national crafts industries and work-at-home laborers are not being sufficiently enlisted in the production of goods from these resources.

Planning and supply organs of the Estonian SSR are not fully taking into account local resources in determining volumes of consumer goods' production and its material and technical maintenance.

The Presidium of the USSR Supreme Soviet decrees:

1. That the Presidiums of the Supreme Soviet of the Azerbaijan SSR and the Estonian SSR take measures to step up the work of republic and local state organs in increasing the production of goods in popular demand through the utilization of local resources and capabilities, and in satisfying the requirements of the population for these goods. To provide for the increased attention of local soviets, permanent commissions and deputies to issues involving the production of consumer goods and their trade, and to provide for regular discussion, at sessions of soviets, and at meetings of executive committees and permanent commissions, of progress in fulfilling tasks established by plans for the economic and social development of production of goods in popular demand.
2. That Soviets of Ministers, that ministries and departments, and executive committees of local Soviets of people's deputies of the Azerbaijan SSR and Estonian SSR provide for increasing the output of goods in popular demand by finding and incorporating into production local raw materials and industrial by-products, and that they provide for broadened variety and improved quality of articles.
3. That materials of the Consumer Goods and Trade Commissions of the Council of the Union and the Council of Nationalities, and of the People's Control Committee of the USSR be directed to the Presidiums of the Supreme Soviets of Union republics.

That it be recommended that the Presidiums of the Supreme Soviets of Union republics examine questions associated with

increasing, in their republics, the production of goods of popular demand through use of local resources.

4. That questions raised by commissions, which are connected with increasing enterprises' economic concern for utilizing industrial by-products for the production of goods, with developing specialized capabilities and improving the technology of processing by-products, with improving the planning and coordination of activity of enterprises of different departmental authority in the production of consumer goods, and with improving the organization of work by home laborers participating in the production of goods for the population be referred to the examination of the USSR Council of Ministers.

5. That the Presidiums of the Supreme Soviets and the Councils of Ministers of the Azerbaijan SSR and the Estonian SSR present reports on the fulfillment of the present Decree to the Presidium of the USSR Supreme Soviet by 1 February 1981.

Chairman of the Presidium of the USSR Supreme Soviet, L. Brezhnev. Secretary of the Presidium of the USSR Supreme Soviet, M. Georgadze.

Moscow, the Kremlin. 4 March 1980. No. 1663-X.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### LIGHT INDUSTRY, TRADE MINISTRIES DISCUSS PROBLEMS

Moscow SOVETSKAYA TORGOVLYA in Russian No 4, 1980 pp 60-61

Unsigned article: "The Joint Board"

Text A joint meeting of the Board of the USSR Ministry of Light Industry and the USSR Ministry of Trade was held under the chairmanship of ministers N. N. Tarasov and A. I. Struyev. Measures were considered to increase production, to improve the assortment and quality of light industry products in 1980, and to further improve the economic ties between industry and trade in the light of the decisions of the November (1979) Plenum of the CPSU Central Committee and the views and conclusions expressed in the speech of General Secretary of the CPSU Central Committee and Chairman of the Presidium of the USSR Supreme Soviet L. I. Brezhnev at the plenum.

The deputy of A. P. Sochniyev, head of the Division of the Light and Food Industry of the CPSU Central Committee, took part in the board's proceedings, as well as responsible officials of the CPSU Central Committee, the USSR Council of Ministers, the RSFSR Council of Ministers, USSR Gosplan, USSR Gosnab, Tsentrsoyuz, other central ministries and departments, and the ministries of the textile and light industries and trade of the union republics.

The Joint Board noted that the USSR Ministry of Trade and the USSR Ministry of Light Industry, in pursuance of the decisions of the 25th party congress and the subsequent plenums of the CPSU Central Committee, have implemented a number of measures in the last few years to develop the production, enlarge the assortment, and improve the quality of light industry products and to improve the contacts of industry with trade. In 4 years of the 10th Five-Year Plan the output volume of light industry products at retail prices increased by 19 percent, and there was an increased output of higher-quality products, new commodities of improved quality in general demand, and articles for children. From 18 to 20 percent more light industry products were sold to the public than in the corresponding period of the Ninth Five-Year Plan. The increased production of goods and the greater prosperity of the Soviet people contributed to the further growth of the goods turnover. The plan for the retail goods turnover set for the USSR Ministry of Trade for 1979 was overfulfilled by 1.2 billion rubles.

At the same time there are some serious deficiencies in the performance of light industry and trade, as L. I. Brezhnev noted in his speech at the November (1979) Plenum of the CPSU Central Committee. The attained level of production of consumer goods still does not meet the public's demand for many kinds of products.

The ministries of light industry of the union republics and the RSFSR Ministry of the Textile Industry are not making an adequate organizational effort to investigate the potentials for increased production and fulfillment of the plans and assigned tasks concerning the commodities in greater demand.

The ministries of trade of the union republics and their wholesale organizations are not making a sufficient study of the public's demand for goods nor an adequate effort to perfect the mechanism of their interrelations with industry. They make miscalculations in substantiating the submitted requisitions and coordinating the orders with industry for delivery of the goods. They do not work sufficiently with the suppliers and do not take due care to provide for timely delivery of manufactured goods to the trade network.

Some of the industrial enterprises are still not making satisfactory use of the existing capacities and internal reserves for effective exploitation of the raw materials to increase the output of goods, including those in short supply on the market. They continue to make products in the wrong assortments and with production defects, and they frequently violate the terms specified in the delivery contracts. Some of these products accumulate in the enterprises and the trade network as unmarketable remainders.

Some of the wholesale bases of the ministries of trade of the union republics are not providing for the necessary flexibility in the redistribution of goods for an even saturation of the market, and they are unjustifiably reducing the volume of the warehouse goods turnover by entrusting the functions of classifying the goods to the industrial enterprises.

The ministries of trade of the union republics and their trade organizations are not influencing the development of production of the consumer goods in public demand actively enough. They are mishandling the existing commodity resources so that there has been no possibility of fulfilling the additional task on behalf of the retail goods turnover.

In 4 years of the current five-year plan the total output of products of the USSR Ministry of Light Industry was increased by 13.5 percent compared with the 17.7 percent assigned in the five-year plan. In 1979 light industry failed to meet the plan to manufacture most of the main types of products in physical terms. The plan was unfulfilled for 28 of the 32 main types of products, including cotton fiber and flax fiber, all types of thread and fabrics (except linens), knitted goods, products of the sewing industry, leather goods, leather footwear, artificial leathers and film materials.

The plan was unfulfilled for porcelain and glazed pottery, feather and down products, flannelette blanket fabrics, hemmed handkerchiefs, fur hats, cotton

threads, rugs and carpet products, gloves of natural and artificial leather and the "lightning" clasp. Nor was the plan fulfilled for production of various children's goods.

The joint meeting of the board compelled the ministers of light industry and trade of the union republics and the chiefs of the administrations and all-union associations of the USSR Ministry of Light Industry and the USSR Ministry of Trade to draw serious conclusions from the criticisms of the deficiencies in the public's supply of goods in daily demand that L. I. Brezhnev made at the Plenum of the CPSU Central Committee.

To eliminate the said deficiencies and to considerably improve trade in goods in daily demand, especially children's articles, in 1980 it was recommended to the ministries of light industry of the union republics, the RSFSR Ministry of the Textile Industry, the ministries of trade of the union republics, and the all-union industrial associations of the USSR Ministry of Light Industry:

- To develop and consider, in the joint meetings of the boards of the ministries of the union republics and in the directors' councils, a program to eliminate the shortage of goods on the market, to enlarge the assortment and improve the quality of light industry products in 1980, and to heighten the responsibility of the wholesale bases for the regular supply of stores with goods in the necessary assortment as well as the responsibility of the retail and co-operative trade enterprises for the presence of the required assortment of goods in the stores;
- To concentrate the attention of the workers of the central organizations and subordinate enterprises and organizations on eliminating the defects in the performance of industry and trade, to heighten the responsibility of the managers of the associations, enterprises and wholesale offices and bases for fulfillment of the production plans and contractual obligations for delivery of goods to the trade network in the required assortment and at the required times, and to regard failures to fulfill the production plans or to deliver goods in the required assortments as gross violations of plan and contractual discipline;
- To display flexibility and efficiency in management, to consider market conditions in advance, to cooperate in finding ways for maximum use of resources, raw materials and materials allocated to carry out the assigned plan tasks, while providing for flexibility in the prompt redistribution of goods not readily sold in some regions of the nation for sale in others;
- For purposes of regular supply of stores with goods classified according to models, styles, grades, colors, dimensions and sizes, to plan the maximum increase in the volume of the warehouse goods turnover in the transition of the industrial associations (enterprises) to direct and permanent economic contacts.

The board also required the ministries of trade of the union republics:

- To make greater demands on the wholesale organizations to improve all commercial operations and to further influence industry to increase the output of

scarce commodities and to provide for fulfillment of the plans and tasks concerning volumes and assortments;

- To require the wholesale offices and bases to improve their study of the public's demand for goods and to better serve the demand with qualified personnel;
- To heighten the wholesale organizations' responsibility for the validity of the orders submitted to industry to produce goods and for observance of the economic contracts and the quality of the delivered goods.

It was recommended to the ministries of light industry of the union republics, the RSFSR Ministry of the Textile Industry, the Uzbek SSR, Tadzhik SSR and Turkmen SSR ministries of the cotton industry, the Main Administration of the Cotton Industry under the Azerbaijan SSR Council of Ministers, and the all-union industrial associations and administrations of the USSR Ministry of Light Industry:

- To consider the results of fulfillment of the 1979 plan, to carefully examine the causes of the lag, and to prepare and implement supplementary measures to eliminate the existing defects;
- To take the necessary steps to fulfill the production plans in 1980 and to ensure delivery of the products to the trade organizations by all the production associations and enterprises, with special emphasis upon absolute fulfillment of the assignments to produce scarce commodities and those in the children's assortment and in mass demand;
- To take additional measures to improve product quality and to heighten the responsibility of the managers of the enterprises and associations and the modeling and designing organizations for the manufacture of fabrics, sewn and knitted goods, footwear and other commodities according to the standards, the technical requirements, and the approved standard models, and to provide for fulfillment by all enterprises and associations of the assigned tasks for manufacture of products with the state Quality Sign and "N" index;
- To increase the demands on workers of production associations and enterprises to fulfill the assigned plan tasks and to observe plan and state discipline, to provide for effective control over implementation of the approved decisions, and to heighten the personal responsibility of the workers of the central organizations of the ministries of the union republics and the all-union industrial associations.

The ministries of light industry of the union republics and the RSFSR Ministry of the Textile Industry are advised to exercise personal control over progress in fulfillment of the plan tasks for production of cotton fabrics and articles made of them, goods in short supply on the market, goods in mass demand, and critically scarce types of products.

The joint decision of the Board of the USSR Ministry of Light Industry and the USSR Ministry of Trade also specifies other measures to increase production and to improve the quality of light industry products, and to perfect the economic ties of industry and trade.

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### PRICE AS STIMULUS TO QUALITY LIGHT INDUSTRY PRODUCTION

Moscow PLANOVYE KHOZYAYSTVO in Russian No 5, May 80 pp 43-50

[Article by Yu. Zhukov, candidate of economic sciences: "Prices and Stimulation of Output Quality in Light Industry"]

[Text] Increasing the production of consumer goods, expanding their assortment, and improving their quality constitute one of the key national economic challenges. Emphasizing the significance of solving this problem, in his speech at the November 1978 Plenum of the CPSU Central Committee General Secretary of the CPSU Central Committee L. I. Brezhnev remarked that the entire course of economic development affirms and reaffirms that making group B meet contemporary requirements is an important condition for efficient work by the economy as a whole and for improving material stimulation.

There has been a sharp increase in the importance of the appearance of articles, their finish, and meeting the requirements of fashion and styles in recent years. It is common knowledge that perfectly good, convenient, well-made articles that meet the requirements of quality grade 1 are assessed at 40-50 percent and higher only because they are no longer in style.

Prices are very important in giving enterprises an economic interest in steadily improving quality and renewing and expanding the assortment of consumer goods. Prices are actively used to stimulate the production of better-quality goods. This is done by establishing differentiated profitability in wholesale prices depending on the quality of articles, different supplements to the price list price for additional finishing, better quality accessories, and the like and discounts for substitution of materials and other deviations from quality, and discounts for articles in lower grades (this leads to a significant decrease in the profitability of articles where the quality of manufacture is quite low, and may even make them unprofitable).

It is also very important for prices to reflect precisely expenditures for the manufacture of each model. This is promoted by broader use of normative-parametric price lists. Price lists of this kind have now been introduced for garments, knitted and fur goods, leather goods, and other items.

In former price lists prices took account of the external characteristics of the model and did not reflect the use of raw and processed materials, complexity of sewing, cost of accessories used, and similar factors with sufficient precision. The difference in fabric used for dresses costing the same reached as much as 1.5 meters. Such prices would, of course, be a serious obstacle to an enterprise's switching to the production of more stylish long skirts. With normative-parametric price lists the price depends directly on raw and processed materials used, complexity of sewing, and other factors.

When the price list is formulated in this way, the profitability of production varies little for the entire assortment of articles and the situation where some models are profitable and others are not is eliminated. This creates the economic conditions for producing articles according to fashion and orders from the trade network.

Establishing temporary retail and wholesale prices for goods of improved quality with supplements to the permanent price list prices is especially important to stimulate improvement in the quality of consumer goods.

The problems of raising quality differ for different groups of consumer goods depending on the quality characteristics that become paramount. For technically complex cultural and domestic articles the most important thing is to improve their technical level and quality of manufacture; for the products of light industry the most important thing is to produce well-manufactured and stylish articles, although for certain groups it is still most important to achieve better physical and mechanical indicators.

The purpose of stimulating better quality output from light industry is not, for example, to make the production of all-wool articles more profitable than part-wool articles because they are better in quality; the purpose is to stimulate the manufacture of articles that are in style, look better, and are well made from all types of raw materials.

Temporary prices need to be established for some articles precisely because permanent price list prices do not take adequate account of differences in the external appearance of articles. They are not established for each model and type of article, but rather for groups of models that are similar in indicators. For example, one price is established for all styles of dresses in the first category of sewing complexity for which between 2.32 and 2.40 square meters of woolen

fabric with a retail price between 11.6 rubles and 12.09 rubles was used, and so on. The value of these indicators for determining price remains constant for a long time and prices are in effect for prolonged periods. But whereas the amount of fabric used for the dresses is the same, the dresses may differ substantially in the extent to which they are in style. Price list prices do not take these differences into account and do not make the production of better quality articles more profitable.

The assessment of particular features of a model change as the styles change. In view of constant changes in the demands of style and, consequently, the assessment of the quality of articles, a differentiation of prices by types of articles, styles, and models is needed to solve the problem of stimulating production of better quality goods. This is an exceptionally difficult problem. Light industry enterprises incorporate tens of thousands of new types of articles each year. In 1976 they began production of 39,848 new types of garments, 11,832 new types of footwear, and 10,134 new types of knitted goods.

There are permanent prices in the price lists for a large majority of these items. The problem of stimulating improved quality comes down to selecting goods of improved quality from the mass of new items and establishing temporary prices for them that take quality into account.

Temporary prices for new goods of improved quality were originally (1962) established only for five groups of goods: fabrics, garments, knitted goods, footwear, and furniture. Beginning in 1976 they were applied to all nonfood goods of improved quality and to tobacco, wine and liquor, and packaged chocolate.

Temporary prices are established for new goods of original types that reflect the latest styles, have improved finishing and color patterns, better reliability, and longer periods of guaranteed service, as well as for articles made with new types of raw material and popular processed materials and accessories. These goods must meet the requirements of standards and technical specifications for articles of the highest quality category (or where there are no such standards they must be better than goods produced earlier with respect to good manufacture and technical qualities, but also to finish, type, correspondence to styles, and the like) and be in great demand among the population.

The decision to classify particular modifications as goods of improved quality is made by sectorial industrial art councils or special inter-departmental commissions. They include representatives of organizations involved in trade, price formation, standardization, and related areas.

Temporary wholesale and retail prices are also established for new goods which are given the state Mark of Quality from the beginning of

their manufacture; this is especially important for material stimulation of the production of such goods. In 1979 temporary prices were instituted for 1,535 styles of footwear that received the state Mark of Quality from the beginning of their manufacture.

Temporary prices are used to stimulate production of a particular item at a particular enterprise, which is especially important in "multiple-assortment" production where several models are produced under one article description and their quality is not the same at different enterprises.

Furthermore, the amounts of temporary price supplements are differentiated based on raising the quality of new items. They cannot be determined by additional expenditures related to the production of new items, especially not the individual expenditures of a particular enterprise, because these expenditures depend largely on the organization and technical level of production there.

An unjustifiably high level of additional expenditures cannot provide grounds for setting large price supplements and, on the other hand, especially high quality in items and especially fashionable appearance should be taken into account in temporary prices regardless of the level of additional expenditures. The average temporary price supplement in 1979 was 10 percent for adult footwear and five percent for children's footwear. For many adult shoes it was five percent, but for a few very fashionable and high-quality styles the supplement was 25-30 percent. The situation was similar with knitted goods and other articles.

The amount of the supplement to wholesale price and material incentive received by the enterprise depends directly on the evaluation of the quality of new items. An enterprise receives for its own use 70 percent of the temporary supplement to the retail price for adult items and 90 percent for children's goods. In this case 15 percent of the supplement to the retail price is used to pay bonuses to workers who were directly involved in the creation, development, and production of these goods. Therefore, if the evaluation of an article's quality is higher and the temporary supplement to the retail price is greater, an enterprise will receive more money beyond the permanent price and more material incentive. The total amount of price supplements received by an enterprise and the sum of deductions for bonus payments depend on the volume of production of improved-quality goods.

Temporary prices are established for a limited time, which give them the necessary mobility and flexibility and precludes the possibility that increased prices will be kept for articles which are no longer in style, which would make them a factor inhibiting renewal of the assortment. This is done within initial period of operation of not more than 18 months. This period may be extended if the articles are

awarded the state Mark of Quality during the year or trade organizations confirm that they are in great demand among customers.

In light industry where the influence of fashion is particularly strong these articles account for just a small proportion. On 1 April 1980 the period of operation of temporary prices had run out on 741 types of knitted goods; the period had been extended for just 259 types. The effective period of temporary prices for footwear is extended in less than five percent of the cases.

Temporary prices may be cancelled ahead of time if the articles produced deviate from the ratified models or if demand for them changes. The USSR State Committee on prices, using results from checks by trade organizations, cancelled temporary prices for 81 models of footwear ahead of schedule in 1978, 34 in 1979, and 28 since 1 February 1980 because they were being produced with deviations from samples and with production flaws.

An important advantage of using temporary prices to stimulate improvement in quality is the fact that enterprises are given an interest in producing new, better-quality articles without increasing the amount of supplements to permanent prices. If improved quality were to be stimulated by differentiating permanent prices it would be necessary to increase profitability for each better-quality and more fashionable new article, which would mean establishing higher prices. If a profitability figure of 15 percent is established to stimulate the production of a certain model of footwear, approximately 20 percent will be required for a new, more modern article. But temporary prices make it advantageous to produce new articles even when profitability is 15 percent because after the temporary prices are cancelled the profitability of the model produced earlier will be less than this level.

Alongside stimulation of the production of better-quality goods economic measures are applied to halt the production of goods in obsolete models and designs. For products in the second quality category or not certified within the established time discounts from wholesale prices are applied. The discounts are 30 percent of the profit received from sale of the articles. When the period for withdrawing products in the second category from production expires, the discounts from wholesale prices are set at the entire amount of profit.

It is advantageous for enterprises to produce articles of improved quality. Their profitability is significantly higher than the profitability of conventional articles. In 1978, for example, the profitability of better-quality cotton fabrics was 17.7 percent while for ordinary ones it was 7.7 percent; corresponding figures for wool fabrics were 10.1 and 8.7 percent, for silks 25.7 and 13.1 percent, for knitted goods 28.6 and 12.5 percent, for footwear 24.8 and 11.8 percent, and for garments 29.2 and 20.2 percent.

Producing articles of improved quality also provides a higher level of bonus payments to employees. At the Ogre Knitted Goods Combine (Latvian SSR) in 1979, articles of improved quality were 12 percent of total production; deductions for bonus payments for their production were almost 300,000 rubles or 24 percent of the material incentive fund (not considering deductions for articles of improved quality). At the Moscow Production Association for Outer Knitted Wear articles of improved quality constituted 7.9 percent of total production while deductions for bonus payments were almost 20 percent of the material incentive fund.

The proportion of better-quality goods in total production volume has increased noticeably in recent years for several groups of goods. For example, such goods constituted 5.2 percent of footwear production in 1976 and 16.6 percent in 1979. Corresponding figures for outer knitted wear were 2.2 and 6.9 percent, while for garments the figures were 3.5 and 9.3 percent.

At the same time, despite the increase in the proportion of better-quality articles in total production volume, the production of these articles is still inadequate. Thus, according to Central Statistical Administration figures, new products put into production in 1978 accounted for 32.8 percent of the total value of output in the knitted goods industry, 48.3 percent in the garment industry, and 64.5 percent in the footwear industry. The proportion of new products is even greater by models. New models account for half of all knitted goods produced in 1978, 67 percent of garments, and 72 percent of quality shoes. However, only 12 percent of the new models of knitted articles were classified as articles of improved quality, while 25 percent of the footwear models were so classified, and just 6.5 percent of the models of garments. For certain groups, furthermore, the number of better-quality goods put into production in 1978 was smaller than in 1977.

Many enterprises, including large, modern ones, produce very few types of output of improved quality. The Kursk Knitted Goods Combine, one of the largest in the country, produced a total of 9,882,000 articles of 81 production models in 1977, but this included just 35,000 items of the only improved quality model in production there. In 1977 temporary prices were established for just four models at this combine. At the same time the Ogre Knitted Goods Combine produced 835,000 items of 34 models of better-quality knitted goods in 1977, which was about 10 percent of production, and in 1979 they had 42 articles of improved quality which account for 12 percent of the total value of output.

A number of questions must be decided to improve practices of stimulating the production of better-quality goods by means of prices. It should be observed first of all that while there is fairly strong material incentive to produce them the moral encouragement is quite weak. Of course, the assignments in five-year and annual plans of

economic and social development for ministries are revised for articles certified in the highest quality category and the corresponding assignments are given to the associations and enterprises. Statistical reporting has been set up for the production of those articles. Enterprise work to improve the quality of goods is evaluated by higher-ranking production and public organizations based on the volume of production of articles in the highest quality category. Nothing of the sort is done for goods of improved quality. To give greater moral (nonmaterial) significance to their production, it is useful in planning, record-keeping, and evaluating the work of enterprises to equate them to articles in the highest quality category.

In addition, we feel that organizational work to certify articles should be coordinated more closely with work to select articles of improved quality. This work is done today by different bodies: state certification commissions on the one hand and industrial art councils or special interdepartmental commissions on the other. But both commissions can make decisions that afford the basis for establishing temporary prices. Therefore, some enterprises who have been refused in one commission submit their articles to the other.

It seems essential for new goods to be reviewed by sectorial industrial arts councils (interdepartmental commissions of VIAlegprom [All-Union Institute of Assortment of Light Industry Articles and Clothing Sophistication]) before they go into production and for temporary prices to be established for the best ones. If the goods are awarded the state Mark of Quality during the year, the temporary prices should be extended for the effective time of the mark.

The effective period of temporary prices may be extended for goods of improved quality sold at temporary prices which are not granted the highest quality category during the year upon the application of USSR and Union republic ministries and departments (coordinated with trade organizations) if these goods are in great demand. In such a case, unlike the current system, the amount of material incentive paid to enterprises (the enterprise share of the price supplement and amount of deduction for bonus payments) could be reduced. This procedure for evaluating the quality of articles will eliminate duplication (in the commissions) of grounds for instituting temporary prices.

The possibility of extending the period of operation of temporary prices for articles which not only have the Mark of Quality but also continue to be in great demand, given the same material incentive, reduces the interest in raising the quality of articles produced at temporary prices to the requirements made of articles with the state Mark of Quality.

Temporary prices are a powerful lever for stimulating increase in the production of better-quality goods. How effectively this lever is used

depends on correctly choosing the articles for which temporary prices are recommended. Some enterprises still try to represent articles that are not distinguished by new styles or appearance as improved articles. For example, in January-February 1979 the interdepartmental commission of VIALlegprom rejected 12 of the 20 knitted articles submitted by the VERPSTAS Factory, and of the 10 models submitted by the Yerevan Knitted Goods Combine just three were classified as articles of improved quality.

But there is also another danger, the danger of diminishing incentive to produce better-quality goods. Certain representatives of trade, while acknowledging the high quality of articles and agreeing to assign them to the highest quality category, still object to establishing temporary price supplements. In 1979 9.3 percent of the output of the USSR Ministry of Light Industry was classified in the highest quality category, whereas new goods of improved quality constituted just five percent. In the RSFSR Ministry of Light Industry the plan for 1980 envisions 2.4 times as many goods in the highest quality category as new, better-quality goods; in the Uzbek SSR Ministry of Light Industry the factor is 2.8-fold, and for the Georgian SSR Ministry of Light Industry it is 3.2-fold.

The principal objective accomplished by establishing temporary prices is giving enterprises confidence that new, high-quality, fashionable output will always be advantageous to the enterprise. Certainly high quality in goods should not be equated with scarcity. There are still groups of products today for which demand is not being satisfied. This does not mean, however, that temporary prices with supplements can be established for them. Employees of trade and price formation agencies must prevent goods of inadequate quality from reaching the trade network at temporary prices.

With the introduction of differentiated price supplements it becomes important to work out more exact methods of evaluating the quality of articles, in particular with respect to esthetic qualities. At the present time the evaluation of the esthetic indicators of light industry products is done "by eye" by industrial art councils using a 40-point system.

A minimum and maximum number of points are adopted for the group of esthetic features and the general evaluation is made by the total number of points on the condition that the evaluation is above the minimum for each group of characteristics. But such a system cannot provide the basis for differentiating temporary price supplements. With a 40-point system the differences in evaluation of articles being put into production by industry is just 6-8 points. Articles which have received less than 34 points are not set up in production, while the state Mark of Quality is granted to articles that have received 38-40 points. Therefore, the industrial art councils frequently recommend different temporary price supplements for articles that differ only slightly or not at all in evaluation by points.

In this respect we could look at the experience of East Germany, where the evaluation of the quality of new articles is done on a 100-point system for each group of indicators and the overall evaluation is obtained as the average weighted value of points in each group multiplied by their proportion in the overall quality evaluation.

Operational flexibility and speed in reviewing samples, establishing prices, and incorporating production of these articles is important to expand the production of better-quality goods. A great deal has already been done in this respect. For example, the procedure for establishing temporary prices for articles in light industry has been greatly simplified. These prices are established for new goods of improved quality on the basis of decisions by appropriate industrial art councils and commissions without submitting calculations of additional temporary expenditures related to launching production of the new articles. In addition, the decisions give recommended amounts of temporary supplements to permanent retail prices based on the quality, originality of finish, and stylishness of the articles.

With centralized review of samples and ratification of prices, however, the time required to decide these questions for fabrics, knitted goods, footwear, and fur items is still very large. Samples should receive a preliminary review at republic industrial art councils. An experiment was run in 1978-1979 in which the Ukrainian SSR State Committee on Prices was authorized to review samples in the republic and establish temporary retail and wholesale prices for new models of footwear and fabrics with new designs. The experiment showed that the time between approval of the sample of the article at the enterprise and the establishment of temporary prices for it was cut almost in half.

For this reason it would be wise to give the USSR State Committee on Prices the right to assign the job of setting temporary prices for particular consumer goods to the state committees on prices of the Union republics based on the decisions of republic industrial art councils. State certification of light industry products is done in a decentralized manner in the Union republics.

At the same time, articles of improved quality must be put into production quicker. And although the time that passes between ratification of prices and beginning of production of the articles has been reduced, it still happens frequently that production of such articles does not begin for 4-8 months after the samples have been classified as articles of improved quality. For example, on 18 January 1979 the inter-departmental commission of VIAlegprom of the USSR Ministry of Light Industry recommended setting temporary prices for 15 knitted items from the Kishinev Steua Roshiye Production Association. Production of seven of the articles was not planned to begin until January 1980. The Nikolayevsk Knitted Goods Production Association also planned to begin production in January 1980 of new types of swimming suits that were classified as articles of improved quality in March 1979.

One of the reasons for such long periods of time is the difficulty of getting customers to agree to a modification in the assortment envisioned by an earlier contract. This often forces enterprises to postpone the beginning of production of new articles. This difficulty can be eliminated by authorizing enterprises, within certain limits, to replace articles envisioned in contracts with similar articles of improved quality without the consent of the purchaser.

Certain adjustments should also be made in material incentives to the collectives of enterprises. At the present time 15 percent of the temporary supplement to the permanent price is deducted for bonus payments to employees directly involved in creating, developing, and producing better-quality goods. But the sum of this supplement is 2-3 times greater for items for adults than for children's items. This makes it less profitable to produce better-quality children's articles.

In a number of cases the sums of bonuses assigned for producing goods of improved quality are not paid in full to the workers who produce these goods. A significant part of this money remains in the general material incentive fund and is paid to all employees of the enterprise. At the Ogre Knitted Goods Combine in 1979, for example, 296,000 rubles were allocated for bonus payments for producing better-quality goods; only 124,000 rubles or 42 percent of this amount was paid as bonuses to the workers and engineering-technical personnel directly involved in the production of these articles, while the remaining 172,000 rubles were put into the general material incentive fund. This practice diminishes material stimulation for workers who are producing goods of improved quality and fails to give each worker an interest in developing and producing such products in his section.

The use of temporary prices to stimulate improved quality in consumer goods resolves these questions for articles produced in fairly large quantities. The establishment of temporary prices is unacceptable for articles manufactured in small batches because of the duration and complexity of the process of approving samples and ratifying prices. But with the growing importance of the outward appearance of goods and being "in style" for evaluating quality and forming consumer demand, it has become necessary to produce such batches. They are needed to study consumer demand and to make highly fashionable articles which cannot be mass produced.

The 12 July 1979 decree of the CPSU Central Committee and USSR Council of Ministers laid out ways to solve this problem. It was stipulated that the retail prices for the first test batches of goods and especially fashionable articles should be envisioned in agreements concluded between main administrations of the USSR Ministry of Trade (wholesale organizations of the trade ministries of the Union republics) and industrial associations.

Of course, all questions related to establishing these prices should be decided on a more operational basis. It would seem that samples of articles for which prices are established in contracts should not be approved by sectorial industrial arts councils but rather by the managers of the production associations (enterprises) and trade organizations. If the new system for establishing prices for test batches and highly fashionable articles is to function properly, it is also important to regulate the volumes of their production.

Work on the production of better-quality goods is not a job to be done and finished. It will become more important, and we must give constant attention to this process. Therefore the enterprises need effective help from the ministries. This is the only way that temporary prices, an important stimulus for raising the quality of consumer goods, can be used to full advantage.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### USE OF AUTOMATED CONTROL SYSTEM IN OBLAST TRADE

Moscow SCVETSKAYA TORGOVLYA in Russian No 4, 1980 pp 36-38

[Article by M. Samsonov, chief of trade administration in the Ispolkom of the Gor'kovskaya Oblast Soviet of People's Deputies: "A Qualitatively New Level of Management"]

[Text] The extensive development of automated control systems appears to be an effective means of improving the efficiency of trade. The necessity of overall improvement in the management of processes and of the introduction of ASU (Automated Control System) is becoming particularly obvious if one turns to the concrete indicators of the dynamics of trade development in Gor'kovskaya Oblast.

During the last 5 years the turnover of the oblast trade administration increased by 27.5 percent, commodity reserves -- by 9.9, the number of retail trade workers -- by 4.5, and commercial space -- by 11.6 percent.

The flow of commercial and economic information is increasing at an even faster rate. In 1979 in the manufactured goods shops and department stores of Gor'kiy alone, documents from 3,256 suppliers were circulated, more than 30,000 designations of commodities were enumerated, which accounts for a vast flow of information.

On 1 January 1979, 1,237 bookkeepers, 295 economists, and 820 commodity researchers were occupied in the processing of commercial and economic information.

As research, the processing of primary documents, and the manner in which accounting is handled have shown, manual operations take up 80 percent of the work accomplished by bookkeepers, and 75 percent of the working time of commodity researchers. The remaining time is clearly insufficient for the effective and qualitative management of trade processes. All this has pre-determined the necessity of creating an ASU for the trade of the oblast.

Purposeful work on the development of an ASU has been going on since December 1974. The purpose behind developing an ASU for handling the trade of the

oblast is to provide for the more effective utilization of labor, material, and financial resources, to increase turnover, and to improve the profitability of trade and the quality of service to the consumer.

The information-computer center of the oblast trade administration, which functions as an independent cost accounting enterprise, serves as an information-technical complex of the ASU and as a theoretical and practical base for developing and introducing contemporary scientific methods of management into practice. The information-computer center is comprised of three production sections and seven information points, located in the trading enterprises of Gor'kiy. The staff of the information-computer center consists of 280 people.

The information-computer center is equipped with two electronic computer units -- the Minsk-32 and the Yes-1022. Moreover, 70 electronic invoicing and invoicing-bookkeeping machines and 82 electronic keyboard-operated computing machines have been installed at the IVTs [Information-Computer Center] and at the information points. The cost of the fixed capital of the IVTs at the present time amounts to 2.1 million rubles. Such a technical base has made it possible to accomplish a large volume of operations with respect to the introduction and development of an automated control system.

The second phase of the ASU in Gor'kovskaya Oblast, whose effectiveness is estimated to be 479,000 rubles annually, was put into operation in December 1979. The second phase includes eight determining functional subsystems, within the framework of which 39 different tasks are accomplished.

Presently the ASU functions at fourteen sites: at nine manufactured goods shops and department stores in Gor'kiy and Dzerzhinsk, at the Prostovery Motor Vehicle Plant Association, the Sormovskiy Food Store, at sewn and knitted wear wholesale bases of Rostorgodezhda [RSFSR Republic Office of the Wholesale Clothing Trade], at bases of Roskul'ttorg [RSFSR Republic Office for Wholesale Trade in Goods for Cultural Purposes and Sporting Goods], and the subsystem "Trade Turnover Administration" already encompasses 60 trading organizations of the city and the oblast.

The total volume of processed information in 1979 exceeded 5.3 million document-lines, and in the current year it will increase 1.5-fold. The cost of services given to the IVTs in the preceding year amounted to 688,000 rubles, in 1980 it is expected that it will amount to 800,000 rubles.

The utilization of standard design solutions, which make it possible to not only reduce the time needed to process a project, but also to introduce a unified system of documents and classifiers, to unify documents, and to work out a rational technological scheme for the collection, processing, and transfer of data is the basic organization-systematic principle of the development of the ASU. The working out of standard design solutions should, of course, be accomplished by specialized institutes and above all the V/C [All-Union] Soyuztorgsistema [expansion unknown] and RosASUTproyekt [expansion unknown]. But there are still very few such design solutions. Therefore,

the IVTs of the Gor'kiy Trade Administration found it necessary to independently accomplish a significant volume of work on the automation of management tasks.

As experience has shown, in order to achieve a compatibility of theoretical elaboration with the practical requirements of the management apparatus, it is necessary to enlist not only data processors, but also trade specialists in the accomplishment of these tasks. Of the 39 operational tasks, 19 have been worked out by our information-computer center with the active participation of leading specialists from the oblast trade administration, the Gor'kiy Department Store, the textile and sewn goods trade, and the corpromtorg (City Establishment for Trade in Manufactured Goods).

The development and introduction of the Trade Turnover Management subsystem can serve as an example of close, fruitful cooperation. Since 1977, this subsystem has functioned according to the following scheme: "oblast -- city trade management -- trading enterprises of the city and the oblast".

The fulfillment of the retail trade turnover plan in 1978 as well as in 1979 took place in an intensive manner. Under these conditions the management of trade turnover became one of the most urgent tasks. A special precision in the organization of control, a high level of organization, and discipline in the operations of all the links were required.

The introduction of the Trade Turnover Management subsystem in the make-up of the eight tasks provides for actual progress planning, operational accounting, control, analysis, and a prognosis of the accomplishment of the trade turnover plan, a calculation and analysis of a smooth-regular operation, and also a determination of the places occupied by each training organization with respect to the fulfillment of a plan and to the growth rate of trade turnover. The accounting, control, and analysis of the work of training enterprises are conducted with respect to the fulfillment of the trade turnover plan with additional quotas, and a statistical accountability is compiled according to the form 1-torg (trading organization), 3-torg.

In addition to the tasks of planning and operational management, tasks of an accounting nature have been introduced into the work of the training organizations.

In the report of the CPSU Central Committee to the 25th Congress Comrade L. I. Brezhnev set forth the task: "to precisely count and efficiently use every ruble, ... to completely eliminate mismanagement and negligence". In the accomplishment of this task a large role is to be played by economic accounting, which is the most important informational system for management.

Work on the automation of calculations for commodities sold to the people on credit has been going on in the trade administration since 1975<sup>1</sup>. The intro-

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1. There is a more detailed discussion of this in the article by S. Nagornaya and V. Shustrov, "Automated System for Computing Credit Trade", published in the No 12 issue of this journal for 1979.

duction of the task "An automated accounting of the sales of goods sold to people on credit" has made it possible to automate practically all the processes in this section.

The industrial use of the task in the nine trading organizations of Gor'kiy and Dzerzhinsk made it possible to curtail more than 90 percent of the routine operations, increase the operational efficiency of information from 2-6 months to 15-30 days, and provided for a reduction of debts by 20,000 rubles while reducing the staff by 19 bookkeepers.

The systematic-functional approach, found at the basis of this task, a high degree of reliability, and the quality of the programmed processing of data has made it possible for the RosASU-Proyekt scientific-technical council to recommend this task for introduction in other oblast trade administrations with the utilization of the Minsk-32 computer. It is now being introduced in Tula, Bryansk, and Volgograd.

For the first time in the RFSR the task "The accounting of calculations for goods sold in commission stores" has been worked out and is being successfully accomplished by the joint efforts of specialists from Gorpormtorg and the IVTs.

The industrial use of the Accountancy subsystem in the make-up of the 14 tasks not only makes it possible to automate labor-intensive portions of work, but also to provide the practical workers of the trading organizations with exhaustive economic data on the results of commercial-economic activities.

The Financial Management subsystem, which has been introduced into practice, is of considerable interest for the practical workers. The information on this subsystem contains all the necessary data on cost accounting subdivisions and on an enterprise as a whole for any accounting period. The functional tables which are published by the information-computer center are used in six manufactured goods shops and department stores as economic documents of stores and sections subordinate to them.

The introduction of the Financial Management subsystem eliminates the difficulty connected with the organization of a separate accounting for the cost accounting subdivisions of trading enterprises and also creates real opportunities for expanding cost accounting, which is an effective means of finding additional reserves and improving the efficiency of trade.

The work accomplished on the development of the ASU in the Oblast Trade Administration has had a positive effect on the results of economic activities. The Gor'kiy Department Store, which is the basic objective of the IVTs for working out and introducing an automated control system in the trade of Gor'kovskaya Oblast, achieved particularly high indicators.

Of the 39 tasks functioning in the ASU, 20 were introduced at the department store. A mechanized processing of information is being carried out in all 24 warehouses of the department store.

During the 5 years that the automated control system has been in use in the department store, trade turnover increased by 37 percent, profit -- by 40, the productivity of administrative labor increased by 44.5 percent, and overdue payments for goods sold on credit were reduced to one-eighth.

In discussing the role of the ASU in increasing the quality of management, one cannot help but note that the ASU improves not only the methods of management and information, but also the machinery of administration, changing the content and nature of its work.

Under the conditions of an automated control system a significant portion of the labor intensive-routine operations is accomplished in the subdivisions of the information-computer center by machines. As a result of this, trade specialists obtain an opportunity to contribute a significantly greater amount of time to control, analysis, and the making of on-time decisions.

The IVTs accomplishes its work with its clients, that is, the trading organizations, according to a schedule. This obligates the trading organizations to arrange their work according to a plan, which in turn has a positive effect on the quality of administrative work and its increased productivity. In the last 5 years the productivity of labor of the bookkeepers increased by 44.5 percent in the Gor'kiy Department Store, by 40 percent in the textile and sewn goods trading organization, by 39 percent in the furniture trading organization, by 17 percent in the Avtozavod Department Store, and by 13 percent in the sporting goods trading organization.

The introduction of scientific methods of management and the increased level of technical equipment has brought about a significant improvement in the utilization of labor resources and restrained growth with respect to the number of personnel in the administrative machinery. During the period from 1975 through 1978, 115 accountants and bookkeepers with an annual wage fund of 138,000 rubles were freed from the labor force in 37 enterprises of the trade administration because of the increase in the productivity of labor.

The development of a commercial ASU requires significant expenditure and occupies a long period of time. The experience accumulated by us over a period of 5 years attests not only to the indisputable effectiveness of an automated control system, but also to difficulties and deficiencies connected with its introduction and use.

We have complaints against PosASUTprovekt, the design organization of the RSFSR Ministry of Trade, which is delaying in the elimination of penalties with respect to the Accountancy, Personnel Administration, and Capital Construction subsystems, is not giving sufficient attention to questions dealing with the working out of subsystems and task planning, operational administration, and is slow to carry out work on the modernization of the introduced subsystems for the purpose of reducing expenditures of machine time and their cost.

Improving the efficiency of the commercial ASU of the oblast urgently requires the introduction of a subsystem for the management of commodity movement.

The Management of Commodity Movement subsystem, which makes it possible to resolve such individual questions as supervision of contract compliance, deliveries according to schedule, and so on, is now being used at the sown goods warehouse of Rostorgyodezhda. Questions concerning the coding of goods, suppliers, and consumers are being simultaneously resolved within the framework of the ASU of the enterprises of light industry, the accounting and control of commodity sales are being conducted in accordance with order-specifications.

Thus in the chain "industrial enterprise -- wholesale -- retail trade" solutions are being provided independently of each other to a whole series of tasks having a unified information source, which is intended for the accomplishment of a whole complex of interrelated tasks of commodity movement management, which is of interest to all of the links. Already it has become necessary to combine efforts for processing and introducing an ASU in the enterprises of trade and industry.

The process of automating management functions will place special conditions and requirements on directors of any rank. He must well understand and be able to precisely formulate immediate and future tasks and be able to organize the collective for the purpose of overcoming specific, previously unencountered difficulties. The effectiveness of the introduction of the task and the rational nature of organizational and structural changes, to a great degree, depend on his attitude and qualifications.

Therefore, taking these tasks into consideration it is evidently necessary to work out an effective system for training key personnel in the VIZ's and specialized secondary institutes of our system, which will bring about a reduction of time and improved quality with respect to the introduction of an automated control system in trade.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### MEANS FOR REDUCING DISTRIBUTION COSTS IN TRADE VIEWED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 5, May 80 pp 94-98

Article by M. Bakanov, honored scientist of the RSFSR, doctor of economic sciences, and professor: "Resources for Reducing Distribution Costs"

Text: Technical progress is influencing the development of public production with ever-increasing intensity. The field of commodity distribution also has been subjected to this influence. The influence is being manifested not only directly, but also through sectors linked with the field, especially industry, agriculture, transport, communications, and public utilities.

Savings in the input of living and embodied labor in the field of commodity distribution is an important national economic goal. Costs have reached nearly 22 billion rubles annually, and their reduction, if only by 1 percent, yields a rather appreciable savings.

As is well known, costs are subdivided into two groups, one of which is made up of expenditures for continuing and completing the production process in commerce, and the second, which consists of expenditures connected with a change in the forms of cost.

The most important function of trade is the sale of a commodity as value and use value. Production functions in the field of distribution are associated and secondary processes. According to estimates, the proportion of additional costs in retail trade amount to 50-60 percent. Consequently, the resources to reduce them should be sought in the improvement of consumer goods production, on which technical progress has a direct effect. It is expressed here not only in expansion of the output of traditional products, but also in the production of basically new commodities which are distinguished qualitatively by a different material and physical basis and require less expenditures for their sale.

The production of consumer items, like the increase in the people's welfare, serves as the basis for the systematic increase in the volume of retail commodity turnover in the country. By the end of this century, it will be increased significantly, and consumption by the population will, on the whole, come up to scientifically sound norms, which have a favorable effect on the level of cost distribution. Based on representative sum totals, many correlative calculations were made, with the aid of which a trend was revealed and corroborated and an economic principle has been established--the greater the volume of commodity turnover, the lower the level of distribution costs.

Food products trade will be transformed in the future. To a considerable extent, raw materials which require considerable expenditures of time and means for their processing are being sold at present. The main thing here is the necessity of reorganizing the food, fish-processing, and meat and milk industries. By introducing mechanization and automation, these industries will change over in the future to output of a wide variety of convenience foods and ready-made consumer items [*gotovyye potrebitel'skiye komplekty*].

The ways to achieve this are through development and introduction of new industrial processes and more highly productive equipment with programmed control to produce refrigerated foodstuffs, quick frozen meat and milk products ready for use, and molded meat convenience foods, vegetables, fruits and berries, as well as by improvement and expansion of the variety of canned and cooking products. Implementation of these measures and the extent of savings will be reflected in improvement in labor productivity in trade (two to three times as much), in rationalization and acceleration of the sale of commodities to the population, and consequently, in significant reduction of distribution costs as well.

Attainment of scientifically sound norms for the consumption of food products also will have a positive effect on the structure of retail commodity turnover. It will include a more noticeable increase in the proportion of nonfood consumer items, especially cultural and personal articles and those for household use, which will be accompanied by a relative decrease in trade expenditures, because the sale of nonfood consumer items requires less outlays than the sale of food products.

The continuation and completion of production processes in the field of distribution have to a considerable extent been connected with the packaging of commodities. In 1978 we packaged just 36 percent of all foodstuffs shipped for sale to the public. At present, about half of them are being packed at enterprises and trade organizations. Repeated directives from managing organs about transferring the preliminary packing of commodities from commerce to industry are being implemented extremely slowly. As a result, commerce, just as society as a whole, is bearing excess expenses, and introduction of new forms and improvement in the quality of service to the public is being held back.

A collective of researchers of the Institute of Soviet Trade conducted a study of the production cost of packaging foodstuffs in various components--in industry, the shops of trade organizations, and in stores. A general principle was brought out: expenditures in industry prove to be much lower than in commerce. This is shown as follows in the example of loose commodities (production cost of packaging a production unit in industry has been taken as 100):

	<u>Groats</u>	<u>Flour</u>	<u>Granulated sugar</u>
Industry	100	100	100
Packaging shops of trade organizations	210	283	155
Stores	268	328	205

Packaging in trade organizations of such foodstuffs as meat, sugar, and dairy, macaroni and confectionery foods costs much more.

It is important to note that the shift of preliminary packaging to industry is accompanied by positive socioeconomic results. Significant national economic savings are obtained, labor inputs are reduced, conditions are established for universal introduction of self-service, and the time that customers spend to purchase commodities is reduced.

In the developed capitalist countries (the United States, Britain, the FRG, France, Austria, Sweden, and so forth), the bulk of commodities come from industry to the retail trade fully prepared for sale. In the socialist countries--Czechoslovakia, Poland, the GDR, Romania, Yugoslavia--the stores receive up to 80 percent of foodstuffs in factory packaging and containers. Recommendations for a complete transition to industrial packaging of goods in our country in the future also appear to be fully justified. Packing and packaging are thought of as operations which organically complete the industrial process of production. It is intended, for example, to significantly increase productivity of automated lines and packaging equipment in sugar refining production; to introduce automated lines for packing and packaging fish products in small consumer containers and integrated, highly productive automatic machines for packing fish convenience foods in thin covering materials (under a vacuum and in an inert gas medium); to organize automated production of consumer containers of aluminum foil and the packing of food products (prepared dishes; baked, pasteurized and sterilized products; and vegetable, fish and meat canned goods) in these containers. Use of light airtight wrapping (foil and multiple-ply thermally weldable materials as a base) will make heat treatment of many products possible directly in it. The time required to prepare food in the home and in public dining facilities in this case will be decreased many times.

The consumer goods produced by industry are sent to wholesale trade organizations or directly to retail trade enterprises (firms, department stores, self-service department stores, and so forth). After being sorted out in a wholesale component, the commodities are delivered by centralized shipment to many places in the retail network. An important problem which requires solution is developing: the efficient connection of retail trade enterprises with producers and suppliers.

Up to this point, the experts' choice of contacts, which ensures their efficiency far from all the time, has been the preferred one in practice. Meanwhile, solution of the transport problem by the method of line programming is making it possible to determine the really best alternatives. Calculations show that establishing optimum contacts between suppliers and consumers will reduce transport expenses by 30 to 40 percent. Many trade organizations already have high-speed electronic computer equipment available now, and solution of the problem cited is fully feasible. The method of line programming is making it possible to scientifically justify transport routes when goods are sent by centralized shipment to retail enterprises as well.

The problem of calculations for the retail component's transport service is of no small importance. Nearly everywhere (excluding the Ukraine), an accounting procedure is in use under which goods are delivered by wholesale bases and offices and payment of transport expenses is made by the retail component. In this case, responsibility for the extent of transport expenses is lost. Meanwhile, the method used in the Ukraine, where the wholesale component bears the expenses for the centralized shipment of goods, is revealing its unquestionable savings, and the level of gross retail and wholesale expenditures also is being decreased. This experience deserves support and wide dissemination.

The level of expenditures borne by trade components for the shipment of commodities depends to a large extent on coordinated operation of the country's transport system. Some discreteness in the activity of transport ministries is manifested in insufficiently sound distribution of freight flows, in the lack of a unified and economically sound wage policy, and frequently in unapproved schedules for the transfer of freight from one means of transport to another, and so forth. Measures taken in Leningrad show that sea, river, rail and motor vehicle transport operations can be organized in a single schedule. The Coordination Council of the Four Transport Ministries established in April 1979 will promote more efficient, mutually coordinated operation by transport in the national economy, utilizing economic levers of influence to improve its activity.

The transport costs of commerce, if their level is viewed in retrospect over an extended period, are characterized by a falling curve, but this has been conditioned by a decrease in transport wages. It should be assumed that this factor will hold true in the future as well, because

the production cost of shipments is being systematically reduced as the result of technical progress. Thus, over the last 15 years it has been reduced by 30 to 50 percent in rail, sea and river transport. The effect of technical progress also will be manifested in the expansion of pipeline transport, an increase in the carrying capacity of traditional means of transport and in the acceleration of freight turnover, and in mechanization and automation of loading and unloading operations.

Minimization of transport costs also can be achieved by increasing the production of commodities needed locally, reducing the stages in the movement of goods, more complete utilization of means of transport, and elimination of inefficient shipments and those involving long above-norm layovers of freight transport.

Railroad regulations provide for the wide use of commodity shipments in containers without packing materials from the shipper's warehouse to the consignee's warehouse. Container shipments have important advantages for transport in open railway cars. The delivery in containers of fabric, ready-made clothing, knitted wear, linen, furs and footwear, for example, makes it possible not only to increase the extent to which carrying capacity is utilized and to speed up the movement of commodities, but also to ensure that they are safeguarded as much as possible.

The delivery of goods without intermediate transhipments and with less expenditures of time and funds is something fundamentally new in the development of container transport. Operating container terminals provide for the transfer of freight from rail platforms and ships to motor vehicles. Estimates show that the shipment of 1 million tons of freight releases 1,500 workers, increases the speed of transportation by 30 to 35 percent, and saves 18 to 22 million rubles. For this reason, it is not coincidental that the Basic Trends for Development of the National Economy of the USSR for 1976-1980 envisage the need to significantly increase the output of containers and advanced means of mechanizing materials handling operations.

Broader use of containers in the delivery of agricultural products--potatoes, vegetables and fruits--has become a pressing problem, since their spoilage under existing shipment conditions causes great material harm to the national economy. Meanwhile, the shipment in containers of just half of the potatoes being sent to cities and industrial centers, according to USSR Gosnab estimates, would reduce their losses by 500,000 to 600,000 tons annually.

The problems of efficient performance by packaging facilities is related to transport problems. It is well known that wooden packaging materials are used for the most part in freight turnover now (their proportion in the overall production of packaging materials reaches nearly 60 percent). The shipment of empty wooden packaging materials to the

places where they are used, as well as the returning packaging materials, is extremely uneconomical. A freight car, for example, holds only 700 wooden boxes, while it holds about 300,000 collapsible cardboard cartons.

Commerce also bears heavy losses in connection with extremely inefficient performance by packaging facilities. They could be made more efficient by implementing a number of urgent measures. Thus, container transport carries out internal packing unnecessarily, since the commodities are loaded into containers in the initial plant packing.

Most packaging materials, especially wooden ones (in the manufacture of which 25 million cubic meters of lumber are consumed annually) are being used repeatedly quite inadequately at present. Their full utilization would make it possible to save millions of cubic meters of very valuable lumber--the reserves of which, as is well known, are limited--for the national economy in the course of a year. Repeated use of packaging materials presupposes their unitization and standardization, which are important elements in rationalization of packaging facilities. While some positive improvements have been made in unitizing and standardizing packaging materials, extremely little has been done yet in universalization. Universalization, which makes it possible to package different commodities with materials of one type and form, broadens the possibilities for its repeated use at points where goods are unpacked without expensive reshipment to suppliers. Of course, solution of the problems of universalizing packaging materials is only possible in close coordination with their standardization and design improvement which is conducive to repeated turnover.

The turnover rate of commodities is planned and monitored, but indicators of the turnover rate of packaging materials are not planned and not taken into account. True, such calculations are not a simple matter, because the movements of packaging materials are more irregular than those of commodities. Different enterprises have custody of packaging materials at several stages in their movement, and the indicator of the turnover rate must be calculated separately for each stage. In commerce, for example, it should be defined as the period from the moment the packaging materials are supplied until the moment they are turned over at the packaging materials collection points. It is impossible to be restricted by establishing general periods of time for turning in packaging materials; it is necessary to differentiate between them, if not by their appearance, then in accordance with the basic groups of packaging materials. Developing plans in accordance with the indicator cited and calculating their fulfillment would stimulate many efficiency measures, particularly the centralized removal of packaging materials which are being accumulated in stores.

Technical progress has hardly touched the packaging materials industry, which is among those which lag behind the most at present. Packaging materials are manufactured by the handicraft method, with a large

overexpenditure of labor and materials. The expenses and losses of packaging materials will be reduced by improving the manner in which they are stored, turned in, and repaired. Acceptance must be performed by specially selected persons, which will improve the responsibility for their condition. The principal damage to packaging materials is inflicted during careless unpacking and irresponsible storing at trade organizations. The repair of packaging materials also is being performed unsatisfactorily. The majority of packaging materials bases are small and are not capable of organizing repair by plant methods, based on mechanization of essential processes. This is why establishment of large mechanized packaging materials repair enterprises is one of the problems which require urgent solution.

The storing of commodity stocks is an additional process of production connected with preservation of the product of labor. "whatever the social form of a stock of products," wrote Marx, "its preservation requires outlays: in structures, packaging materials, and so forth, for storing the product; it also requires, depending on the nature of the product, more or less labor and means of production which have to be expended to avoid harmful effects." \*

However, our warehousing facilities still are not keeping pace with the increasing demands, the necessary conditions for storing diversified commodities, especially food products, have not been established, and the provision of refrigerators, warehouses and depositories makes up to 5 percent of the norm. Moreover, about half of the existing potato storage facilities and vegetable storehouses and one-fifth of the fruit storehouses have not been provided with artificial cooling and operating ventilation. As a result, significant amounts of the most valuable products are being lost.

Preservation of products is a major national economic task, and it must be resolved on the basis of overall special-purpose programs. It is necessary to build modern, refrigerated, mechanized, automated storage facilities at a more accelerated rate for food products (primarily potatoes, vegetables and fruits) where the products are produced and in large cities and industrial centers.

It is expedient to establish fruit and vegetable complexes which consolidate storage facilities and shops for processing the products and preparing and packaging them for the trade in large sovkhozes and specialized interfarm and interrayon associations. Such complexes also could

\* K. Marx and F. Engels, "Works," Vol 24, p 164.

deliver potatoes, vegetables and fruits to the retail network during the year (by the method of cyclic delivery [*kol'tseryy savyz'*]).

Naturally, construction of modern refrigerators and storage facilities provided with the last word in equipment will require significant capital investment. However, calculations show that such expenditures can be recovered over a relatively short time by income from the sale of products which are now being lost because of unsatisfactory storage.

The sphere of commodity distribution has considerable resources at its disposal for savings related to continuation and completion of production processes. There also are unutilized resources in that part of the expenditures which are connected with a change in the forms of cost. The proportion of them, as already noted, is high.

Trade does not create a surplus product; it consists of just buying and selling.

The labor of trade workers who perform the activities of buying and selling is nonproductive, although it is socially necessary and useful. Like productive labor, it is subject to social norm setting, for which definite quantitative limiters are required, because reduction of net distribution costs is of great economic importance. Maintenance of the trade apparatus makes up the greater part of distribution costs. Expenditures for wages amount to 50 percent of total distribution costs in retail fustuff trade, but 70 percent in nonfustuff trade. In addition, a trend has been observed in recent years toward an increase, which stems chiefly from an increase in wage rates.

The labor force, and consequently the expenditures for wages, also will increase in connection with expansion of the network of trade enterprises. Thus, according to preliminary estimates, the commercial space in retail trade will be increased significantly in the forthcoming 15 to 20 years. By this time, obviously, a standardized level of commercial space for stores also will have been provided in the country.

The proportion of those who are engaged in trade should be continuously reduced by transferring a number of production processes (the packaging and preparation of commodities) from trade to industry and by relieving trade from the payment for centralized shipment of freight. The delivery of packed seeds to stores in packing materials and equipment [*v tare-storovivaniy*], which excludes such labor-intensive operations as unloading, transferring and laying out commodities, also will contribute to this.

The view is rather widespread that the labor force connected with buying and selling activities must be constantly increased, since trade turnover is increasing and demands for quality in trade service are sharply

increasing. It is impossible to agree with this. That view has been based on logical curve plotting of a general nature. However, sound estimates of this type could be made by using the mathematical theory of queueing. In trade the methods of this theory are adapted to determine the number of salespersons, cashiers, supervisors, and so forth, as well as the number of requests for service (number of customers) and the length of service.

Further, the quantitative restrictions on manpower resources drawn off into commerce will be compensated for by an increase in labor productivity. It also is impossible to recognize as correct those judgments that an increase in labor productivity supposedly automatically leads to deterioration in trade service to the public. The labor of nonproduction workers when there is an increase in the proportion of commodities which have had factory wrapping and packaging and improvement in the extent of technical equipment for trade enterprises can ensure the completion of a more significant number of buying and selling activities in a unit of time, with adherence to the rules and requirements of excellent trade service.

Trade is distinguished from other sectors by more significant utilization of principally manual labor, and technical progress is affecting it very insignificantly at present. Naturally, it is impossible to consider such a situation as normal. For this reason, the problem of intensified mechanization and automation of the distribution of commodities to customers continues to be important. In industrially developed capitalist countries, about one-third of retail trade turnover is carried out with automatic vending machines, and many commodities are sold by the piece through them. At present, we have adopted automatic dispensing only for soda water. Even a trading organization such as the Moscow avtomattorg [expansion unknown] conducts sales of commodities principally by traditional methods.

Improvement in labor productivity of trade personnel and improvement in service to the public will be promoted by mechanization, scientific organization and norm setting of labor, introduction of a piece-rate wage system, and arranging economic incentive. Introduction and reinforcement of cost accounting, expansion and more efficient utilization of fixed capital, and improvement in planning also will have a substantial effect on reducing the inputs of living and embodied labor and the costs of distribution.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### FOOD SUPPLY APPROACH IN NEW AREAS ALONG BAM ROUTE

Moscow PLANOVYE KHOZYAYSTVO in Russian No 5, May 80, pp 89-93

[Article by V. Boyev, corresponding member of the All-Union Academy of Agricultural Sciences imeni Lenin: "The Food Supply Base of the BAM Zone and of Other Newly Industrializing Regions"]

[Text] The construction of the Baikal-Amur [Railroad] Mainline (BAM) has provided a new powerful impetus to the development of the productive forces of Siberia and the Far East. Currently regular train traffic already is under way on a 1,500 km sector or over nearly one-half of the BAM's distance. The main track has been laid a year ahead of schedule and through train traffic has commenced between the Urgal Station and Komsomol'sk-on-the-Amur.

L. I. Brezhnev has stated: "In opening access to the enormously wealthy resources of this region, to its giant natural riches, we commence its economic development."<sup>1</sup> Its area is approximately 1.5 million sq km.

The stimulating effect of the BAM on the development of Siberia's productive forces is exemplified by the opening of the Neryungrinskiy Coal Mine and the establishment of the town of Neryungri in South Yakutiya. Their development was decisively assisted by the construction of the railroad. The 400 km long BAM-Tynda-Berkakit track linked South Yakutiya to the Transsiberian Railroad.

The rising scale of the economic development of the mineral-rich Siberian regions demands improvements in an adequate food supply of the population. After all, the demand for fresh vegetables and whole milk in many regions is as yet satisfied barely 18-35 percent.

A faster development of agriculture in Siberia, along with the branches of industry processing agricultural raw materials, with the object of increasing the food supply of the population, is a complicated problem, even for regions with favorable agricultural conditions. For Siberia and the Far East with their rigorous climate, this problem is much more difficult still. This also applies to, in particular, the petroleum and gas extraction regions of the Tyumenskaya and Tomskaya oblasts, the BAM

zone, and various other newly industrializing regions located north of the Transsiberian Railroad.

Nearly everywhere in those areas the mean annual and seasonal temperatures are low and the terrain is either mountainous or marshy. In many places permafrost prevails and the frostfree season lasts from 48 to 116 days while the mean annual precipitation ranges from 180 to 550 mm. These conditions are compounded by the local underdeveloped state of the transportation network, insufficient experience in farming, and shortage of productive resources, including land, suitable for agricultural exploitation. The produce of farming and animal husbandry obtained during 1975-1978 in the BAM zone have not satisfied the demand either in quantity or in variety. Hence potatoes, vegetables, milk, and meat have been supplied to the local population chiefly through shipments from other regions in the nation.

In our opinion, a balanced solution of the food supply problem in the BAM zone can be accomplished only on the basis of broad programs. The organizational-methodological instrument for the implementation of such programs is purposive planning, which assures consideration of all problems of the creation of territorial-production complexes (TPC) from the standpoint of effectiveness of overall outlays and of the long-range interests of the national economy.

The accomplishment of the main goal should be based on the coordination of manpower, financial, and material-technical resources, including land. One related problem is the exact determination of the necessary foodstuffs by volume, quality, and schedule of demand for the next and following five-year plan periods, as well as the determination of the supply sources entailing minimum total cost.

The difficult local conditions of the production of agricultural produce objectively condition the need for a close coordination of the enterprises and organizations dealing with the production, storage, and partial or complete processing of foodstuffs, as well as the need to introduce differentiated criterions and standards of effectiveness.

The application of average national indicators and standards to the newly industrializing regions of Siberia complicates and even hinders the selection of correct solutions. This refers chiefly to the standard for capital outlays and expenditures of human and objectivized labor per output unit achieved, and also to expenditures on working, cultural-communal, and recreational conditions, as well as to branch profitability. The basic premise for the development of such standards is a broad consideration of the natural-economic possibilities of production, of the importance of newly built projects to the national economy, and of the interests of the social development of the concerned regions.

Thus, for a long time the chief source of foodstuffs, including such relatively untransportable foodstuffs as fresh vegetables and milk, to the rapidly developing cities and industrial centers of the North (Murmansk,

Noril'sk, Bratsk, Mirnyy, etc) has been their shipments from regions more to the south. But the deliveries of these foods on schedule and in the necessary variety depend on many factors, chiefly on their biophysical state and the volume and conditions of transportation.

Experience shows that the slow increase and low economic indicators of the production of milk, eggs, certain varieties of meat, potatoes, and vegetables in the neighborhood of the sites of their consumption in certain regions undergoing industrial development have been due not only to unfavorable soil and climate factors but also to shortcomings in the planning and organization of foodstuff production as well as in the supply of appropriate equipment and materials to these regions.

Comparative data on the effectiveness of the production of basic produce of farming and animal husbandry in individual sectors of the BAM zone as well as on the shipments of these produce from other regions show that in most areas to be crossed by the BAM it is more expedient to ship in all foodstuffs, except venison, than to grow them locally. The attendant savings per ton of vegetables grown on open soil as well as per ton of potatoes and milk produced on various sectors of the railroad amount to 160-680 rubles if these produce are instead shipped in from the outside.

However, the question of whether to grow produce locally or ship them in from other regions cannot be resolved solely through a direct comparison of actual costs. The point is that the relatively high expenditures on growing produce locally are due to many factors, and in particular by the dispersion of such production over many small sectors, the use of primitive technology owing to absence of the necessary facilities, and the [failure to use] crop varieties and livestock breeds adapted to local conditions. It must also be considered that owing to low temperatures throughout the greater part of the year (6-8 months) it is virtually impossible to supply whole milk, potatoes, and fresh vegetables grown in fields to the BAM zone unless special means of transportation and tare are used. This problem cannot be entirely solved through the construction of controlled-climate storage facilities and the shipments of produce during the warmer periods of the year, particularly in view of the large volume of their consumption. Thus, already in 1979 supplying the population of Neryungri with food required shipping in from other regions more than 30,000 tons of milk, potatoes, and vegetables. In the future in view of the coming expansion of that city, the volume of produce shipments will increase still further and markedly.

Estimates of technical-economic indicators of the production and sales of basic agricultural produce and an evaluation of the experience gained in solving this problem in the northern Tyumenskaya and Tomskaya oblasts, Yakutiya, and certain other regions of Siberia serve to conclude that the food demand of the population of the BAM zone should best be solved by:

- o Organizing the production of relatively untransportable and perishable produce (vegetables grown in hothouse and partially also open soils, potatoes, milk, eggs) directly near the areas of their consumption.
- o Intensifying agriculture in neighboring regions with more favorable natural-economic conditions for growing vegetables in the field and raising livestock and producing feeds;
- o Shipping warm-climate vegetables, fruits, grapes, and cucurbitaceous crops from the regions of Soviet Central Asia.

The differences in soil and climate conditions of agriculture, in locale, in transport availability, and various other factors account for differences in the importance of each of the above food sources for individual regions in the BAM zone. Thus while in the Amur sector of the BAM line the demand for, e.g. potatoes, field-grown vegetables, and milk can be satisfied in the near future through their rproduction at relatively short distances from the sites of their consumption, in the zone of the rapid establishment of the South-Yakutian and Chul'man-Aldan territorial production complexes, in which the population is expected to increase, most foodstuffs will have to be shipped in from other regions, including Amurskaya Oblast.

Considering the broad variety of foodstuffs needed and the physical possibilities for growing them in the necessary amounts either locally or in other regions, what matters is not to oppose but to rationally combine the different variants of the supply of the necessary produce (by volume, variety, and quality) so as to minimize the overall outlays of labor and resources.

The establishment of the food supply base for most sectors of the BAM zone has been investigated for the last 4 years by the Siberian Affiliate of the Agricultural Academy imeni Lenin in collaboration with other research and experimental institutions and agricultural organizations. They have carried out research and experimental projects which served, in particular, to determine: principal directions of the establishment and development of the food supply base in the main sectors of the BAM; volumes and variety of produce needed to assure adequate nutrition of the local population; agricultural priority projects and forms of organization of agricultural production; bases for the production of specific produce in the adjoining and more remote regions of the nation; standards of (material and labor) expenditures on the production of principal foodstuffs in the BAM zone; capital outlays, etc.

Suitable agricultural lands in the zone of BAM construction have been identified and pinpointed: about 140,000 hectares for priority colonization, including 75,000-80,000 hectares of tillable land. Most of this land is located in the Kazachinskiy and Ust'-Kutskiy rayons of Irkutskaya Oblast, in the Upper Angara and Muy river basins of Buryatskaya ASSR, in Amurskaya Oblast, and in Khabarovkiy Kray.

Field studies and station experiments conducted during 1974-1979 showed that in many BAM sectors it is possible to grow 110-180 centners of potatoes

per hectare, up to 420 centners of certain field-grown vegetable varieties per hectare, 170-260 centners of annual-grass green silage per hectare, and 28-32 kg of vegetables per sq m of hothouse soil.

Despite the rigorous climate, the vegetables and fruits grown in these regions are of extremely high biological value. The availability of local low-cost sources of electricity and heat makes it possible to organize hothouse farming in the neighborhood of cities and industrial centers under construction. Such farming results in the production of up to 15-18 kg of hothouse vegetables per local inhabitant, which is more than has been produced (by hothouse farming) in the traditional agricultural regions and in the country as a whole.

Of basic importance is the proper selection of forms of the organization of agricultural production. Analysis of the existing experience and variant calculations show that the rigorous local soil and climate conditions of agriculture, the shortage of manpower resources, and the limited amount of land suitable for agricultural use, when considered together with the vast and relatively unpopulated expanses of the territory concerned and the differences in the size of the cities and industrial centers under construction, require organizing agricultural enterprises of differing specialization and administrative jurisdiction.

In the initial stages of establishment of the food supply base, in our opinion, preference should be given to subsidiary farms attached to industrial enterprises, as has been done at the Glavtyumenneftegaz (Main Tyumen' Petroleum and Gas Trust): in this way agricultural production can be organized rapidly and at minimum cost. To supply foodstuffs to oilmen in the Khanty-Mansiyskiy Autonomous District of Tyumenskaya Oblast, 5 subsidiary farms containing 18 cow barns and calf pens, 5 poultry houses, 70,000 sq m of winter and film (polyethylene sheet covered) hothouses, and various other production and cultural-communal facilities have been organized. In 1978 the subsidiary farms delivered 1,727 tons of marketable vegetables, 6,170 tons of milk, 716 tons of meat, and 23.4 million eggs, which was of great importance to improving the food supply of the oilmen.

In milk yield per cow, vegetable harvest yield, and egg bearing capacity of hens, the subsidiary farms of the Glavtyumenneftegaz surpassed the mean indicators of the agriculture of Tyumenskaya Oblast. For 1980 their vegetable output is scheduled to increase to 2,000 tons; milk output, to 10,000 tons; and egg output, to 25 million eggs.

In view of the expediency and high effectiveness of organized agriculture in the form of the subsidiary farms of industrial departments, the CPSU Central Committee and USSR Council of Minister adopted in 1978 the Decree "on Subsidiary Farms of Enterprises, Organizations, and Institutions," which laid down the basic principles of their organization and functioning. It also stressed the special importance of setting up these farms in areas in which foodstuff shipments are difficult, as well as in newly colonized

regions with insufficiently developed agriculture. The decree established the procedure for providing subsidiary farms with land, varietal seeds, planting material, pedigreed young stock, and veterinary and other services.

Pursuant to this decree, beginning in 1980 the USSR Gosplan and USSR Gosnab should, in their plans for the allocation of material and technical resources (in accordance with the applicable nomenclature), provide for the separate allotment of tractors, combines, mineral fertilizers, and other resources to ministries and departments for their subsidiary farms, with allowance for the needed volume of agricultural operations to be carried out by these farms.

The decree also charges the USSR State Committee for the Production-Technical Supply of Agriculture and the union republic councils of ministers with the duty of providing the subsidiary farms of enterprises, regardless of their administrative jurisdiction, with agricultural machinery, equipment, and spare parts by the same procedure as that established for kolkhozes and sovkhozes.

The provision of subsidiary farms with motor vehicles and material-technical resources not included in the nomenclature of the USSR State Committee for the Production-Technical Supply of Agriculture as well as the allocation of capital outlays needed to develop these farms will be handled by the appropriate ministries with the funds and budgets allotted to them for their basic activities.

The organization of subsidiary farms under industrial enterprises not only assures the supply of substantial quantities of foodstuffs but also serves to utilize more efficiently for agricultural purposes the power and other utilities of industrial enterprises and transport organizations (which is of essential importance to reducing the time and total cost of establishing the food supply base). It also serves to offset the manpower shortage by enlisting for agricultural production the family members of industrial workers and to reduce spoilage and loss of produce by selling them directly without middlemen and assuring their proper storage and processing.

In the neighborhood of the growing cities of Nizhneangarsk, Neryungri, Chul'nan, Tynda, Urgal, and others, the USSR Ministry of Agriculture has been asked to set up specialized enterprises (dairy farms, hothouse combines, poultry factories, etc). On the BAH-zone sectors remote from industrial centers there will be established relatively small workers' communities. The production of part of vegetables, potatoes, whole milk, and dietary eggs in these communities will have to be organized by setting up farms specializing in hothouse and field growing of vegetables and in the growing of potatoes and dairying.

The basic premise for an effective performance of such farms lies in a broad use of utilities--heat, power, and other resources of industrial enterprises, as well as in a high level of the mechanization and automation of operations.

and proper organization of deliveries of produce to consumers in any season of the year.

As shown by studies conducted in various BAM-zone sectors, land suitable for plowing remains unused chiefly owing to manpower shortages. In view of this (in addition to the broad mobilization of the family members of industrial and transport workers for agricultural work), a number of measures will have to be taken to assure the influx of skilled personnel, and particularly farm machinery operators, vegetable growers, and animal husbandrymen, from other regions of the country and their indoctrination and assignment.

The experience gained in solving this problem in the petroleum and gas regions of the Tyumenskaya and Tomskaya oblasts as well as in other regions with similar conditions shows that even a partial satisfaction of the manpower demand under extremal conditions of production is possible only if agricultural workers are provided with wages and living and cultural-communal conditions approximating those provided to the workers of other local branches of the economy in the region.

So far, however, little progress has been made in overcoming the administrative approach of certain industrial organizations toward the construction of dairy farms, hothouses, and other agricultural facilities.

An assessment of the natural-economic and technological factors affecting the establishment of the food supply base shows that, in the foreseeable future, the demand of the BAM-zone population for such produce as milk, potatoes, field-grown vegetables, and meat, cannot be satisfied by organizing their local production. In view of the marked manpower shortages and the high cost and limited possibilities of producing locally these and other produce, and also considering the interregional division of labor, there is no need for this. It is necessary to exploit fully the more favorable soil and climate conditions for the development of agriculture in the other regions of Eastern Siberia and the Far East (Ust'-Kutskiy and Kirenskiy rayons of Irkutskaya Oblast, Barguzinskiy and Kurumkanskiy rayons of Buryatkaya ASSR, Zeyskiy and Svobodnenskiy rayons of Amurskaya Oblast, imeni Poliny Osipenko in Khabarovskiy Kray, and elsewhere).

In most of the abovementioned regions, however, the existing level of agricultural output, and especially of animal husbandry output, is as yet not even adequate to satisfy local demand, which in recent years has grown markedly. The conversion of these regions into suppliers of foodstuffs to the BAM zone will require implementing a number of measures to intensify agricultural production by consolidating the facilities of the kolkhozes and sovkhozes, increasing land fertility, especially that of plowland, augmenting the production of fodder and the herds of livestock, increasing livestock productivity, and radically upgrading the performance of the enterprises and organizations dealing with the processing, storage, and marketing of agricultural produce.

The need to solve these problems rapidly is dictated not only by the need to increase the output of produce for deliveries to the BAM zone but also by the growing demand for foodstuffs owing to the large-scale local construction of industrial and transport projects.

Variant calculations allowing for the needed volume of output (by structure, quality, and schedule of consumption), the economic indicators of output, and deliveries, give reason to conclude that, along with the development of agricultural production directly in the BAM zone, it is also necessary to organize food supply bases in more remote regions of the country.

Of great promise in this respect are the regions of the Barabinskaya Lowlands and Kulundinskaya Steppe in Novosibirskaya Oblast, Altayskiy Kray, and Linskaya Oblast, which are located near the Transsiberian Railroad. Given relatively low capital outlays (compared with the outlays in the BAM zone) on land reclamation and food base development, it will be possible in a short period of time to increase markedly in these regions the output of dairy products and various types of meat and feeds (silage grain, grass meal, etc) for deliveries to the BAM zone. It is expedient to specialize some farms in raising reproductive young stock, satisfying the requirements of industrial technology, for the dairy farms being set up in the BAM zone. As early as in the next five-year plan period it will be necessary to ship 3,000-3,500 calves annually to the BAM zone.

The establishment and effective functioning of agricultural production in the newly industrializing regions depend in a fundamental way on the provision of the existing and newly established agricultural enterprises with appropriate material and technical resources. The point is that the equipment provided to the BAM zone and to other regions with similar natural-economic conditions is inadequate in volume and, especially, in its technical-economic indicators, to the rigorous climate in which it is to be used. This results in marked extra expenditures on the adaptation, maintenance, and repair of that equipment, as well as in lower quality and loss of output.

This shortcoming can be surmounted by developing new and modifying existing equipment and materials so as to satisfy the requirements for performance under extremal conditions of production. In this connection, the USSR Ministry of Agriculture, the USSR State Committee for Agricultural Equipment, and the Agricultural Academy imeni Lenin should markedly expand their research and project-design projects and organize 2 or 3 machinery testing stations in the BAM zone and adjoining regions. It is also necessary to establish in Siberian regions a number of large industrial enterprises specializing in the production of equipment needed by the North's agriculture--especially equipment for the complex mechanization of labor-intensive operations in animal husbandry, vegetable growing, and the growing and harvesting of fodder crops.

The conducted research, project-design, and experimental studies of the establishment of a food base in the BAM zone represent only the beginning

of this great project. Still to be done is a more detailed investigation of a complex whole of problems. Of great importance, in particular, are: the substantiation of differentiated standards of expenditures on the production of staple foodstuffs; the development of technologies for growing vegetables in fields and in protected soil, of efficient methods for the maintenance of dairy cattle, and of systems for maintaining the necessary microclimate and utilizing manure; the construction of production facilities and cultural-communal buildings on the basis of local building materials; the exploration of effective measures to protect crops and livestock against diseases, to control blood-sucking flies, etc.

A topical problem is the proper selection of the types and sizes of the agricultural enterprises being established in the zone and their provision with appropriate material-technical and manpower resources, as well as the drafting of recommendations for the development of deer raising, game hunting and trapping, fur farming, and environmental protection. To this end it is desirable to greatly broaden scientific research on the basis of purposive broad programs coordinated by the State Committee for Science and Technology under the USSR Council of Ministers, the USSR Ministry of Agriculture, the Agricultural Academy imeni Lenin and its Siberian affiliate. It also is desirable to determine the specific contributions to be made by scientific-research and experimental institutions, on bearing in mind that the approaching deadlines for putting into operation the Baykal-Amur Mainline railroad throughout its vast extent should be combined with an expedited establishment of a reliable food base in the zone of that railroad, this being a vital prerequisite for the railroad's successful functioning.

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## CONSUMER GOODS AND DOMESTIC TRADE

### CONSUMER GOODS AVAILABILITY KEY TO WAGE INCENTIVES

Moscow PRAVDA in Russian 24 May 80 p 3

[Article by G. Popov, doctor of economic sciences, professor of Moscow State University: "On the Ruble Earned: Problems and Opinions"]

[Text] The policy of our party in regard to increasing the welfare of Soviet people is conducted in conformity with the socialist principle of payment according to work. Comrade L. I. Brezhnev pointed this out, having noted that wages must in all instances be earned.

An integral part of the perfection of material incentive is the concern about where and how wages are expended.

#### If There Were Money

At first glance it would likely be simple: if there were money, a place would be found to spend it. But only at first glance. The question of the expenditure of money is one of the most complex questions.

It goes without saying that interest in wages, and that means interest in work, does not hold out for a long time if there is no clarity with the expenditure of wages. It can, of course, be said that wages are not the most important thing, and one even cite data from sociological research. And this will be true. Great is the role of consciousness, responsibility, proprietary feeling and other moral factors inherent in socialism. But if we remember V. I. Lenin's reference to the correct combination of enthusiasm and material interest and to the significance of the latter, it must be acknowledged that a person's attitude toward his or her earnings must be considered an effective incentive to work.

What then--the higher the earnings, the stronger the incentive to work? When all of the earnings were spent mainly for the most necessary things, money incentive was, indeed, exceedingly effective. Now the wage earnings of large contingents of workers have surpassed this minimum. Of course,

perhaps, its average monthly level of close to 200 rubles must be regarded as being not so high. But even at that level, the deposits in savings-bank books long ago surpassed a hundred billion rubles.

And this means that a significant part of the population has spare money at its disposal. Instead of a situation of "I buy because I need to," a situation of "I buy because I like it" has developed.

However, by far not always can a person obtain what he or she likes. And most often because the market is not supplied with the mass of commodities that would satisfy the demand of the population. The deficit of products and articles of high quality is especially felt.

In such conditions, the incentive role of earnings, as well as of bonuses, various kinds of funds and privileges, begins to weaken. People appear who are likely to be disinterested in earning a little more after having worked strenuously.

Where is the way out, how can one do things so that money earnings would not only preserve but also strengthen its incentive influence on production work?

First of all, evidently, it is necessary, as the economist say, to attain the guarantee of the commodity coverage of money and further to increase the production of consumer goods and food. The production of meat, milk, vegetables and fruit, as well as other valuable food products must be increased by all conceivable means. With this goal in mind, the party is firmly pursuing its policy of the further advance of agricultural production. What is needed is a situation in which not only the prime necessities are always and everywhere for sale, but also goods that are now still deficit products--color television sets, automobiles, for example. The mobilization of people for highl-productive work, L. I. Brezhnev noted, "makes it incumbent upon us to satisfy the demands of the population more fully, to supply for its growing incomes a sufficient quantity of goods of high quality and services."

It goes without saying that all of this requires a great deal of time. However, even now much could be done. It would help a great deal, for example, if order were brought everywhere into trade and into the sphere of service so that, let us say, articles needed by the people living in Siberia are not offered for sale in the stores of the warm South, so that everyday services are of high quality, operate and are accessible, so that lines do not form, etc.

And nevertheless this will not be enough. It appears that it is important to search for new spheres for the investment of money.

...y don't we think, for example, of building another automobile factory with the means of those craving to become automobile owners and settle with the "shareholders" through the delivery of cars?

And such a thing as cooperative housing construction? The means of the population are attracted here, but so far on a modest scale and in forms that are not too flexible. Quite a few people could be found who would gladly contribute a higher payment for the planning of an apartment according to their own mind, for the presence of a garage in the basement of the house, for a gymnasium.

Still another way--cottage, garden-vegetable garden and other cooperatives. They are coming into existence, but with great bureaucratic obstacles. The main argument of those who oppose them is that there is insufficient land. In so doing, it is not taken into consideration that the land allotted is not of the very best quality, and moreover, this land by no means lie idle but also yield agricultural produce. In other words, this does not interfere with the improvement of the supply of the population with food, but, on the contrary, is conducive to it. And, you know, one also has to keep in mind the summer rest of the children, the spending of leisure time of the workers, and the use of the energy of pensioners. And if these arguments should sound unconvincing, then let us try to discuss the following: Why does society not demand financial compensation from those wishing to take a plot for the income which the kolkhoz or sovkhoz would have obtained from these 5-6 hundredths?

Other channels are available for the creation of services attractive to the consumer. Why do we not have additional payments for "urgency, for example, in the purchase of airplane tickets, the repair of apartments, furniture, cars? They are accepted in many countries, but in our country they are collected only in dry-cleaning and at the telegraph office.

Some prices and tariffs need differentiation. I will emphasize: I am not talking about an increase, but precisely about differentiation, about putting things in order. The difference in comfort of a trip in a compartment for two in an upholstered car with reserved seating is great. Yet there is little difference in the prices for these cars. The same can be said about the rooms in hotels, in holiday homes, in tourist centers, about apartments on different floors, in different parts of the city (and also in different cities), and similar things.

But many prices now in force can be lowered. For example, the payment for uncomfortable, multi-bed rooms in hotels, for third and fourth class tickets on boats, for the trip to a holiday home in off-season, for night trips on airplanes, and so on. That is to bring payment into line with the quantity and quality of services.

#### The Other Side of the "Coin"

Of course, it would be naive to assert that the proposed measures as a whole exhaust the problem of the increase of the incentive influence of

earnings or that it is worthwhile to implement them--and the labor productivity curve will quickly turn upward. The straightening out of the sphere of the expenditure of money must be accompanied by the putting in order of the possibilities for earning it. Those are two sides of the same coin. And "the other side", very likely, is more important and requires still greater attention.

The system of payment for labor in our country developed a long time ago and its process of perfection does not always keep in step with life. Thus, the difference in the earnings of an idler, who only serves as a replacement, and the best worker, who throws himself heart and soul into the common cause, is very small at the present time. And if we take design bureaus or scientific research institutes, it is even smaller there. On the average, the gap in wages of the foremost worker and the worker who lags behind does not exceed 30 percent. It comes as no surprise that careless workers are in no particular hurry to raise the productivity of their labor, to catch up to the foremost workers. And even the good workers can, if they are really interested, work still better.

We must rigidly link the results of labor with its payment. And not introduce here unnecessary restrictions if payment is an incentive to greater productivity. Most desirable would be to establish an order in the sphere of material production in which an increase in labor productivity is of decisive significance for the development of the economy of the country as a whole and the steady increase of the production of consumer goods in particular. But it happens that some engineers earn additional income by adjusting radio sets, many workers repair automobiles and apartments after their shift, unload railway cars, etc. During their shift they work at half-capacity. That is, the first and most important part of the socialist principle--to work according to abilities--is not always being realized. It will always be realized only when the individual begins to work at full capacity and correspondingly earn more money precisely for his basic work.

From where is the money to come to provide for such a possibility? On the one hand, it must be provided by those new spheres of the expenditure of wages about which we have already spoken. On the other hand, it is not a sin, it seems, to take a stricter approach to paying the careless worker and by virtue of this pay the outstanding worker more.

Of course, these proposals engender a mass of doubts and questions. Will money-grubbing not be reinforced? Will material inequality not increase? What will be the situation in regard to the principle of free medical treatment and study?

We will look truth in the eyes. Yes, in some cases elements of material inequality, of "preoccupation with material things" may be added, etc.

But, first of all, we are not speaking of any reduction of the benefits given to workers without pay--all of them are preserved and, as the result of the realization of the social policy of the party, are steadily growing. We are talking about supplementing the right to free benefits and services with the "right" to paid services.

We must also take into account the fact that dishonest people are beginning to live parasitically on the de facto inequality in the quality of benefits received without pay. Sometimes the press writes about illegal requisitions for a free apartment in a better district, as well as for a pass for a more attractive room. An assessment of the real difference in the benefits received in terms of money, the payment of this money to the state, of course, will create a cleaner moral atmosphere.

Secondly, the elements of inequality that may be generated by the proposed measures--these are elements of inequality between bad workers and good workers; they flow--and must flow!--organically from the principle of payment in relation to the quantity and quality of labor. In the presence of a correctly-organized payment of labor, when people receive money precisely for the best work, those gain first and most who work more and better. And that means that society gains as a whole.

And, finally, thirdly. The realization of the proposed measures must be viewed in unity with the tasks of strengthening social control--and for earnings and expenditures the strengthening of educational work, the expansion of publicity. It appears that we must know more precisely than we know now the volume and the sources of the incomes of every member of society. There is no need to be ashamed to ask an individual planning to purchase a car or a dacha with what means the purchase is being made. It is necessary to conduct a decisive struggle against speculation, against other forms of non-labor incomes.

Perhaps to think also in terms of introducing a more sharply progressive tax on some excessively high incomes (received from other types of trade at markets, work during rest time, guest performances, etc.). This would be an effective means of equalizing real incomes. For families with a low income--as a result of the number of children or the health condition of the adults--we must increase advantages, allowances, all sorts of credits and loans.

All of these are difficult problems. But regardless of how difficult they might be, they must be solved. Putting in order the sphere of the expenditure of money, the perfection of the payment of labor are the indispensable condition for the success of all other efforts to increase labor productivity.

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